# HOUSE BILL No. 1327

DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12.

**Synopsis:** Property tax deductions. Provides that beginning in 2008, the department of local government finance shall annually adjust the income and assessed value limitations in the property tax deduction for the elderly and the income limitation in the property tax deduction for blind and disabled persons to reflect the percentage increase in United States personal income (as computed by the federal Bureau of Economic Analysis) during the most recent calendar year for which data is available. Provides that in the case of an Indiana resident, the income limitation for these deductions is based on Indiana adjusted gross income.

**Effective:** January 1, 2008 (retroactive).

**VanDenburgh, Niezgodski**

January 15, 2008, read first time and referred to Committee on Ways and Means.

Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.



# HOUSE BILL No. 1327

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 6-1.1-12-9, AS AMENDED BY P.L.219-2007, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code), **in the case of an individual who is not an Indiana resident, and Indiana adjusted gross income (as determined under IC 6-3-1-3.5), in the case of an individual who is an Indiana resident,** of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;
as joint tenants or tenants in common;
for the calendar year preceding the year in which the deduction is claimed did not exceed twenty-five thousand dollars ($25,000) **(as adjusted under subsection (i) after 2007);**
(3) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;
(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home;
(5) the assessed value of the real property, mobile home, or manufactured home does not exceed one hundred eighty-two thousand four hundred thirty dollars ($182,430) **(as adjusted under subsection (i) after 2007);** and
(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:
(1) one-half (1/2) of the assessed value of the real property; or
(2) twelve thousand four hundred eighty dollars ($12,480).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser of:
(1) one-half (1/2) of the assessed value of the mobile home or manufactured home; or
(2) twelve thousand four hundred eighty dollars ($12,480).

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

(e) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by:

(1) tenants by the entirety;
(2) joint tenants; or
(3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;
(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;
(3) the surviving spouse has not remarried; and
(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

**(i) Beginning in 2008, the department of local government finance shall, before February 15 of each year, adjust the income limitation under subsection (a)(2) and the assessed valuation limitation under subsection (a)(5) (both as adjusted under this subsection during any previous years) to reflect the percentage increase, if any, in United States personal income (as computed by the federal Bureau of Economic Analysis) during the most recent calendar year for which data is available. However, the income limitation under subsection (a)(2) and the assessed valuation limitation under subsection (a)(5) may not be decreased under this subsection.**

SECTION 2. IC 6-1.1-12-11, AS AMENDED BY P.L.99-2007, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 11. (a) Except as provided in section 40.5 of this chapter, an individual may have the sum of twelve thousand four hundred eighty dollars ($12,480) deducted from the assessed value of real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual owns, or that the individual is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home, if the contract or a memorandum of the contract is recorded in the county recorder's office, and if:

(1) the individual is blind or the individual has a disability;

(2) the real property, mobile home, or manufactured home is principally used and occupied by the individual as the individual's residence; and

(3) the individual's taxable gross income, **in the case of an individual who is not an Indiana resident, or the individual's Indiana adjusted gross income (as determined under IC 6-3-1-3.5), in the case of an individual who is an Indiana resident,** for the calendar year preceding the year in which the deduction is claimed did not exceed seventeen thousand dollars ($17,000) **(as adjusted under subsection (h) after 2007).**

(b) For purposes of this section, taxable gross income does not include income which is not taxed under the federal income tax laws.

(c) For purposes of this section, "blind" has the same meaning as the definition contained in IC 12-7-2-21(1).

(d) For purposes of this section, "individual with a disability" means a person unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which:

(1) can be expected to result in death; or

(2) has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(e) An individual with a disability filing a claim under this section shall submit proof of disability in such form and manner as the department shall by rule prescribe. Proof that a claimant is eligible to receive disability benefits under the federal Social Security Act (42 U.S.C. 301 et seq.) shall constitute proof of disability for purposes of this section.

(f) An individual with a disability not covered under the federal Social Security Act shall be examined by a physician and the individual's status as an individual with a disability determined by using the same standards as used by the Social Security Administration. The costs of this examination shall be borne by the claimant.

(g) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section against that real property, mobile home, or manufactured home.

**(h) Beginning in 2008, the department of local government finance shall, before February 15 of each year, adjust the income limitation under subsection (a)(3) (as adjusted under this subsection during any previous years) to reflect the percentage increase, if any, in United States personal income (as computed by the federal Bureau of Economic Analysis) during the most recent calendar year for which data is available. The income limitation under subsection (a)(3) may not be decreased under this subsection.**

SECTION 3. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **IC 6-1.1-12-9(i) and IC 6-1.1-12-11(h), both as added by this act, apply to deductions from property taxes first due and payable after December 31, 2008.**

SECTION 4. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) The department of local government finance shall make the 2008 adjustment under IC 6-1.1-12-9(i) and IC 6-1.1-12-11(h), both as added by this act, before April 15, 2008.**

**(b) This SECTION expires January 1, 2009.**

SECTION 5. **An emergency is declared for this act.**